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In the Matter of

Truth-in-Billing and Billing Format

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CC Docket No. 98-170

COMMENTS OF  
THE PUBLIC UTILITY COMMISSION OF TEXAS

Pat Wood III, Chairman

Judy Walsh, Commissioner

Patricia A. Curran, Commissioner

October 22, 1998

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## **Executive Summary**

The Public Utility Commission of Texas (PUCT) supports the efforts of the Federal Communications Commission (FCC) to give customers the information they need to make informed choices in the competitive telecommunications marketplace. In recent months, as many as 115 calls a day -- approximately 60 percent of the calls to our customer hotline -- concern telephone billing confusion or complaints. Customers complain that the proliferation of charges and promotional information make it difficult to understand their telephone bills. This confusion provides cover for such abuses as slamming and cramming. As we have increased our efforts to educate customers to read their bills as a way to detect abuses, the complaints about bill information and charges also have increased.

In July, the Texas Commission began exploring telephone bill format and information. As part of this effort, the PUCT surveyed customers and conducted a focus group on billing issues. These efforts, plus calls and letters to the PUCT, show seemingly conflicting views from customers: they believe bills are too long and too complicated, but they also want itemized charges and an explanation of each charge. As customers explained their opinions, it became clear that they think phone bills contain too much information that is not helpful because it is promotional, self-serving or obtuse. We conclude that bills should be better organized, provide clear summaries of services and providers, and clear explanations of charges.

These comments primarily concern the FCC's proposals on bill organization, customer contact information, safe harbor language and descriptions of federally mandated charges. We do not address at this time questions about the federal legal authority, burden on industry, or procedural issues. Therefore, the PUCT takes no position on the following proposals: Section II, ¶ 8: Truth-in-Lending; Section II, C,2, and Section D, ¶ 33 and 34: Provision of Consumer Inquiry/Complaint Information; nor Section III: Procedural Matters.

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**In the Matter of  
Truth-in-Billing and Billing Format        §    CC Docket No. 98-170**

**Comments of the  
Public Utility Commission of Texas**

**I.        Introduction**

1.        On September 17, 1998, the Federal Communications Commission (FCC or Commission) released a Notice of Proposed Rulemaking (NPRM) regarding Truth-in-Billing and Billing Format. The Public Utility Commission of Texas (PUCT), with general regulatory authority over public utilities within our jurisdiction in Texas, submits these comments on the NPRM.

**II.       Information Included on Telephone Bills**

2.        The FCC seeks comment on a proposal that telephone bills contain consumer inquiry and complaint information, including toll-free telephone numbers for the receipt of questions and complaints<sup>1</sup>. The PUCT believes that company contact information is a basic right of customers and necessary to answer questions and resolve disputes. PUCT Substantive Rule<sup>2</sup> states:

*Where necessary, a toll-free number or the equivalent (such as WATS or collect calls) will be provided for telephone or electric customers for repair service or billing inquiries.*

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<sup>1</sup> NPRM, ¶ 10.

<sup>2</sup> Sub. R. § 23.41 (b) §7

### **III. Legal Authority**

3. The FCC asks how their actions should complement that of the states which have or are considering requirements to protect customers from abuses.<sup>3</sup> The PUCT believes that state regulators are usually the best judges of the remedies most effective in their respective states. The PUCT has been aggressive in protecting customer rights and in seeking appropriate means to address abuses as they arise. We would oppose rules that preempt states' rights to enact more restrictive remedies or to take different approaches in redressing abuses.

4. The customers in our focus group supported some regulation of the information and format of bills, ranging from guidelines with penalties for deceptive practices through minimum requirements to adoption of a uniform bill format for the state of Texas. Customers felt the degree of regulation should depend on the individual track records of providers in complying with voluntary or minimum requirements.

### **IV. Organization of the Bill**

5. The FCC seeks comment on whether segregation of charges for different services would help customers detect slamming or cramming.<sup>4</sup> The PUCT asked customers about this in a focus group setting. In general, the customers felt that bills were too complicated and contained too many pages and too much unnecessary information. They thought it would be helpful at minimum to segregate charges by category: local, long distance, and other, and by mandatory versus optional services. Regulators must be careful when labelling categories in this evolving market. We believe that the clearest service categorization would be into these (admittedly overlapping) groups: local, long distance, optional, and mandatory charges.

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<sup>3</sup> NPRM, ¶ 14.

<sup>4</sup> NPRM, ¶ 17.

6. The FCC seeks comment on its proposal to provide a single page or section summarizing the current status of the customer's services.<sup>5</sup> Our focus group customers supported summary information because they found it difficult to identify the names of companies providing service. Our experience with slamming leads us to favor a quickly accessible summary that tells a customer what service he is receiving, who is providing it and what it costs. Since we ask customers to look for new providers' names on the bill, it would be helpful to have that in one place. An approach that seems to please customers is to provide basic bottom line information on the bill's first page: how much is owed for each category of service, the total amount due and the date due. A second page could summarize the services received and the total charge for each. Subsequent pages could provide more detail, such as the cost of each long distance call.

7. The FCC seeks comments on proposals to highlight changes in service.<sup>6</sup> This would greatly help customers detect such abuses as unauthorized charges or slammed service. This also was extremely important to Texas customers in our focus group, particularly those who were victims of cramming or slamming. "They [service providers] should be required to tell us when a change is made rather than burying it in the bill," one customer said. In general, customers felt it is "very difficult--unacceptably difficult" to spot changes in service, unless one was looking for a change that had been specifically requested. To remedy this, bills should include a prominent section with a conspicuous and unmistakable header (such as "Changes to Your Account") to summarize the current status of customers' services. This special section should provide clear and conspicuous notification of **any** and all changes or new charges in the telephone bill. Explanations of the changes or new charges should be included as well as any changes to PIC status or other blocking features; any new service provider should be identified next to the fee it is charging. New charges should be highlighted in a bold color or with icons, to make it easier for customers

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<sup>5</sup> NPRM, ¶ 18.

<sup>6</sup> NPRM, ¶ 19.

(particularly senior citizens) to spot changes to their bill.<sup>7</sup> A bill that specifically labels changes or new charges to consumers' accounts helps customers defend themselves against cramming, slamming, and other types of fraud.

## **V. Full and Non-Misleading Descriptions**

8. The FCC NPRM states that carriers should provide consumers with full and non-misleading descriptions of all charges contained in telephone bills, as well as identifying service providers associated with the charges.<sup>8</sup> It seeks comment on whether such itemization would help consumers determine the precise nature of the services for which they are billed.<sup>9</sup> In July 1998, the PUCT surveyed 658 Texas customers who had complained to us about cramming. Customers were asked to describe how they would like their telephone bill to appear and given these choices:

- a. Itemize all charges, fees, etc., on every monthly bill
- b. Itemize only when changes occur in fees, charges, etc.
- c. Just a bottom line number
- d. No change to the current bill.

Of the 445 respondents, 80.8 percent preferred itemizing all charges. Another 15.4 percent preferred no change to their bill. Customers also thought it would be helpful to print an explanation of charges in the telephone directory.

9. The FCC seeks comments on proposals to identify all service providers with their charges, including resellers and providers using billing aggregators.<sup>10</sup> The PUCT's experience with cramming and slamming indicates a real need for such requirements. Much PUCT staff time is expended in finding the actual provider

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<sup>7</sup> One customer felt strongly that providers should notify customers of price changes one billing cycle in advance so they could switch providers before incurring charges at higher prices.

<sup>8</sup> NPRM, ¶ 20.

<sup>9</sup> NPRM, ¶ 22.

<sup>10</sup> NPRM, ¶ 23.

responsible for the charge. In many cases, deceptive telemarketing seeks to persuade customers that a service is offered by a reliable name brand, or takes advantage of a customer's uninformed answer (consider some companies' deceptive names such as "KTNT", "I Don't Know", or "Local Fone Service"). The bill may be the customer's first and only indication that his provider is not the known or reputable service provider he expected. If the bill fails to provide complete and accurate information the customer has no way of knowing who his provider is.

10. The FCC seeks comment on whether telephone bills should differentiate between "deniable" and "non-deniable" charges.<sup>11</sup> Slamming and cramming are profitable because most customers pay questionable charges for fear of losing their telephone service. Our focus group, which consisted of relatively knowledgeable consumers who had experienced their own billing problems, was generally not aware that there are charges that, if unpaid, would not result in termination of service. There was some concern that if customers' initial bills identified charges that are non-deniable this could result in non-payment of legitimate charges, and in the words of one focus group member, "open up another can of worms." Customers suggested that bills and notices of termination identify charges under dispute or charges that need not be paid to maintain service. They agreed that any disputed charges should be identified by an asterisk and a notification that service would not be disconnected for non-payment of this disputed charge. The PUCT thinks it important to educate customers about the difference between basic local telephone service, which is a necessity for many who are ill, elderly, or have disabilities, and such optional services as voicemail and expensive 900 numbers at a time when these non-essential services are heavily marketed.

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<sup>11</sup> NPRM, ¶ 24



## **VI. Description of Charges Resulting from Federal Regulatory Action**

11. The FCC asks if carriers that pass on all or part of the costs of their universal service or access charge obligations are also providing complete, accurate and understandable information about the basis for these charges.<sup>12</sup> When AT&T began passing Universal Service Fund (USF) and Presubscribed Interexchange Carrier Charge (PICC) charges on to their customers, 20 percent of all calls to the PUCT were from AT&T customers asking for an explanation of the charges. They asked who mandated the charges and why they were required to pay them. In addition, the PUCT received requests from legislators and customers for printed information describing these charges. We believe this is clear evidence that current information about these charges is not complete or understandable. Additionally, customers distrust information from providers since providers try to “sell” customers on their reasons for passing through these charges and their methods of calculating these charges.

12. Texas customers want their telecommunications companies to provide clear, simple information on the bill and be accountable for what is on the bill. Although the current length of bills confuses customers, they emphasized that they would not mind the length of the bill if the information contained in it were understandable. While some customers feel there are already too many notices on the bill, the majority feel that explanations of these charges should be included on every bill to be available when a customer needs them. To remedy the problem of length, which customers find frustrating, we suggest that explanations of these charges be provided on the reverse side of a bill page or as a footnote on the bill. The focus group recommended that all charges should be accompanied by a description or definition, and perhaps a number to call for explanation of a charge (as AT&T does under charges on its bill for

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<sup>12</sup> NPRM, ¶ 26.

the USF and PICC). They also questioned “cryptic little descriptions” -- “They want to blame someone else, make it seem like a tax, so consumers will rise up and go to Congress..... It’s intended to manipulate and mislead us,” one customer said. The focus group thought it would be best to include the information with every bill or at least several times a year, since “everyone doesn’t read their bill in August.” They also wanted to know if the charges were mandated by Congress or the state Legislature.

13. The Commission seeks input on whether prescribed “Safe Harbor” language for the USF and PICC charges would help carriers provide truthful and accurate information.<sup>13</sup> The PUCT believes that the FCC should develop recommended labels and descriptions for every federally-mandated charge and recommend or require the long distance carriers to use that language. This will make it easier for customers to understand their bill and compare rates and packages between providers. The PUCT on October 22 adopted language to describe the Texas Universal Service Fund that all Texas telecommunications providers will have to use in their bills and customer education; that language is attached for the FCC’s information. (See attachment 1).

As an alternative, the FCC could eliminate the necessity for such language by recognizing that because these charges are in fact a part of the cost of basic telephone service, carriers should include charges in the basic rates to customers and be prohibited from separately stating these charges on the bill. The advantage of this approach is that it makes the bill simpler and removes questions about why these charges must be paid. Many customers are content to pay the charge if they know it is mandated and part of the cost of service.

14. The FCC suggests that long distance carriers explain the net reduction in their costs of providing long distance service since the enactment of the Federal

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<sup>13</sup> NPRM, ¶ 27.

Telecommunications Act.<sup>14</sup> The PUCT thinks customers deserve to know that costs of providing this service have been reduced by \$2 billion even as support for universal service has been maintained and expanded. This would allow customers to assess whether their rates have fallen in corresponding fashion. It would help them put competition in perspective and ask the right questions. However, our experience shows that most customers believe their long distance bills are higher.

15. The PUCT recommends that the FCC require companies to use a short, nationally uniform description or particular verbiage to describe and label USF and PICC charges.<sup>15</sup> Absent such a requirement today, the variety of names used for these charges is very confusing for customers. Standardized names or labels would help customers make intelligent decisions as they shop for service by eliminating some confusion over fees.

## **VII. Conclusion**

16. The PUCT supports the efforts of the FCC to protect consumers by providing clear, accurate and non-misleading information on bills, and by seeking a bill format that improves communication. We support a summary of customer services and service providers, a clear method of highlighting changes in status, and uniform labels and descriptions for charges resulting from federal regulatory action. We believe these proposals would help curb such customer abuses as cramming and slamming. However, we also strongly oppose any rule which would preempt the state's ability to address these important issues.

Respectfully submitted,

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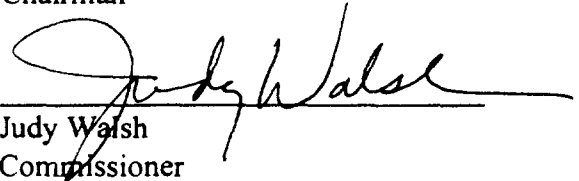
<sup>14</sup> NPRM, ¶ 28.

<sup>15</sup> NPRM, ¶ 31



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Pat Wood, III  
Chairman



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Judy Walsh  
Commissioner